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Judge Allows Delta's Pact With Pilots

By **THE ASSOCIATED PRESS**

A bankruptcy judge approved the \$280-million-a-year concessions agreement between [Delta Air Lines](#) and its pilots yesterday, rejecting claims by the government's pension insurer that it should receive the compensation the pilots were promised if their pension plan was terminated.

The decision came hours after the pilots gave their approval to the deal. The agreement, which continues through 2009, will take effect today. The union, the Air Line Pilots Association, represents Delta's 5,930 active pilots.

The deal, which replaces an interim pact agreed to in December, includes an initial 14 percent pay cut for pilots and assurances that the pilots' union will not fight any effort to terminate the pilots' pension plan.

Judge Adlai S. Hardin signed the agreement during a hearing in White Plains. Earlier in the day, Delta pilots approved the deal, with 61 percent voting in favor.

The judge's approval, the last hurdle in the process, came despite an objection filed by the Pension Benefit [Guaranty Corporation](#), the government's pension insurer, which argued that a \$650 million note and \$2.1 billion unsecured claim that Delta has promised the pilots should belong to the agency if the pilots' pensions were terminated as expected.

The pension agency said afterward that it was reviewing its options.

Another obstacle to the agreement was lifted when a group of retired pilots who had fought the new pact dropped their objections in an agreement with the airline.

The pilots had been concerned that the deal to terminate the pension plan would ultimately reduce their benefits.

As part of the settlement, Delta has agreed to give retired pilots \$9 million to cover a portion of certain pension benefits that the retired pilots would have received since the bankruptcy filing in September, had the benefits not been frozen.

Also yesterday, Delta said in a filing with the bankruptcy court that it lost \$27 million in April. Excluding reorganization items, it would have posted a profit of \$22 million in the 30-day period. As of April 30, Delta had \$2.5 billion in unrestricted cash. It has posted losses

of more than \$14.4 billion since January 2001.

Northwest Seeks Contract Approval

By Bloomberg News

Northwest Airlines has asked for a bankruptcy court hearing in June to approve a new contract that would cut pilots' pay 24 percent.

On May 3, Northwest's 5,700 pilots voted 63 percent in favor of accepting the five-and-a-half-year contract, which would save the airline \$358 million annually.

The accord extends the pay cut that took effect on an interim basis in November.

The airline sought the hearing in a motion yesterday in Federal Bankruptcy Court in Manhattan, saying the new pilot pay scale would put Northwest "on competitive terms with other carriers."

The pilots will receive an \$888 million claim in Northwest's bankruptcy reorganization in return for giving up pay and benefits. They will also share in company profits after it emerges from bankruptcy.

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